

**WRITTEN STATEMENT OF**

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**On behalf of Shell Oil Company**

**Before the**

**HOUSE COMMITTEE ON HOMELAND SECURITY'S SUBCOMMITTEE ON  
TRANSPORTATION AND INFRASTRUCTURE PROTECTION**

**Hearing on "The Impact of Foreign Ownership and Foreign Investment on the Security of  
Our Nation's Critical Infrastructure"**

**May 16, 2007**

**1539 Longworth House Office Building, 2:30 p.m.**

Chairwoman Jackson-Lee, Ranking Member Lungren and Members of the Subcommittee: My name is Richard Garcia and I am an employee of Shell Oil Company and serve as the Global Security Advisor for Shell International. In that capacity, I coordinate with law enforcement agencies in the United States and abroad to prevent attacks – both criminal and terrorist – against Shell’s personnel or assets. I manage Shell’s security advisors in North and Latin America. I also direct Shell’s Information and Assessment Team, which has offices in Washington, D.C. and London. Prior to joining Shell, I was with the FBI for 25 years. I headed both the Houston and Los Angeles FBI field offices.

I am pleased to appear before you today to testify on the impact of foreign ownership and foreign investment on the security of U.S. infrastructure.

Shell is committed to protecting our assets and our people around the world. Shell companies produce oil, gas, chemicals, lubricants and alternative energies like wind and hydrogen around the globe. Security plays a vital role in every one of our operations. When we operate in politically unstable or geologically challenging regions, security is mission critical to our success.

Shell has a century-old history in the United States. One third of Shell’s assets, and shareholders are here in the United States. Shell Oil Company, through its U.S. affiliates, (Shell US) owns and operates 5,000 miles of pipeline and has partial ownership of 10,500 miles of pipeline. We wholly or partially own 59 products terminals and 960 storage tanks with more than 67.8 million barrels of capacity.

Shell US owns and operates five refineries in the United States with a combined capacity of 753,000 barrels per day. Six plants produce 15 billion pounds of chemicals annually for industrial use. Seven blending and packaging facilities around the country prepare our automotive consumer products like engine oils and lubricants. Shell US operates oil and gas rigs onshore and offshore around the country. We have 22,000 employees working at Shell sites and Shell offices from New York to Los Angeles and from the Arctic Circle to the Gulf of Mexico.

Shell US invests heavily in the training, employees, systems and tools we need to protect our people and our assets. Since September 11, 2001, we have invested in facility protection, training and communications all the way from wellheads and offshore platforms to tankers, ports, pipelines, refineries and storage tanks.

All of these steps were carried out in close partnerships with law enforcement and security officials. Shell US maintains strong relationships with federal, state and local law enforcement agencies in the United States. Shell hires skilled security professionals who have the experience, training and professional relationships to protect Shell’s people and infrastructure.

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Note: The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate entities. In this Statement, the expressions “Shell”, “Group” and “Shell Group” are sometimes used for convenience where references are made to Group companies in general. Likewise, the words “we”, “us” and “our” are also used to refer to Group companies in general or those who work for them. These expressions are also used where there is no purpose in identifying specific companies.

Since 9-11, Shell Oil Company has recruited professionals into our Corporate Affairs Security office from the State Department, the police and military and the Coast Guard. Shell US maintains strong ties with these and other agencies that allow us to share information back and forth. Shell Oil Company's security team also receives briefings from Department of Homeland Security (DHS) and the State Department's Overseas Security Advisory Council on security issues important to Shell and the energy industry.

The U.S. security team participates in various information-sharing programs from the U.S. Government such as the FBI's Texas Coastal Regional Alert System and the Intelligence and Terrorism Alert Network, which are information-sharing programs in Houston and Los Angeles. In my previous employment with the FBI, I was responsible for the expansion and enhancement of these two programs. The U.S. Security team also participates with the FBI's InfraGard information sharing program where I am currently on the National Board of Directors for InfraGard.

Shell Oil Company, which operates in the United States, is a subsidiary of the Royal Dutch Shell Group, a global energy company incorporated in the United Kingdom and headquartered in The Netherlands.

I am here today because you would like Shell's perspective on whether foreign ownership or foreign investment impacts the security of critical infrastructure. Let me say simply: It does not. I am aware of no instance where our foreign ownership or foreign investment has had any negative impact on keeping Shell's infrastructure and people safe in the United States. I believe our energy infrastructure is as secure as it would be if Royal Dutch Shell plc were headquartered here in the United States.

The Dutch-American friendship goes back more than 200 years. The Netherlands was the first country to recognize the American flag in November 1776 -- four months after our nation declared independence. The diplomatic relationship between the United States and The Netherlands is one of the longest, unbroken diplomatic relationships in the world.

Before 9-11, there had strong security measures in place to protect our people and infrastructure. But the world of corporate security changed forever on 9/11, as we had to more seriously address the possibility of intentional acts to harm our facilities and employees instead of just accidental events. Since 9-11, the oil and gas industry has forged a partnership with government at all levels to protect hundreds of facilities across the country from the potential of terrorist attacks. Shell is a full participant in that partnership.

Within months of the attack, the oil and gas industry developed security measures for all segments of the oil and gas network - including pipelines, refineries, terminals, and others. The American Petroleum Institute and the National Petrochemical and Refiners Association produced an industry-wide method for managers to identify security vulnerabilities in their operations. The Security Vulnerability Assessment methodology is a sophisticated, risk-based tool used to identify the security hazards, threats and vulnerabilities of a facility, and to evaluate the best measures to provide secure facility operations. In other words, it provides the framework for a complete security analysis of the facility and its operations. The SVA covers both physical and cyber security, process safety, facility and process design and operations, emergency response, management and law enforcement.

In 2004, the oil and natural gas industry expanded the SVA methodology to include pipeline, truck, rail and liquefied natural gas (LNG) operations. DHS has recognized the SVA methodology and even uses it to train its own employees and Shell US has provided personnel to DHS to assist in this training. Shell US has participated fully in the use and expansion of the SVA methodology.

The oil and gas industry and federal security personnel also completed the "Security Guidelines for the Petroleum Industry," to help employers protect facilities and respond to changes in the threat level. This guidance is now in routine use as a roadmap for companies in deciding how best to protect all sectors of the industry against the threat of attack. These are the working methods and countermeasures the oil sector uses to protect all segments of the industry.

The guidelines are important because they allow companies to manage security risks and provide a reference to federal security laws and regulations that have an impact on petroleum operations. The Secretary of Energy and later the Undersecretary for the Department of Homeland Security have endorsed the industry guidelines. These security protocols are constantly being updated. A third edition was published in April 2005. Shell continues to use these guidelines.

As you may be aware, a new program currently being developed by the US Government will aid in securing certain Shell US facilities even further by the implementation of the Transportation Worker Identification Credential (TWIC). With the TWIC program, appropriate government background checks can be conducted to aid in identifying the insider threat to Shell US facilities by properly clearing the workers who have access to sensitive areas and equipment.

Shell US participates in the Homeland Security Information Network. HSIN is a web-based portal that allows DHS to pass security related information to the Critical Infrastructure Community. It is managed by DHS. All members must be vetted by the Oil and Gas Sector Committee of the DHS to be admitted. HSIN allows DHS to push data to the sector quickly and easily.

Shell also participates fully in Homeport. Homeport has the same function but is focused on the maritime aspect of the critical infrastructure, facilities with docks and wharves. It is a web-based portal for industry to access necessary information or for the Coast Guard to push data should a threat materialize.

Membership in HSIN is focused at the corporate level for Shell whereas Homeport is geared to the facility owner and operator.

In addition to Shell US' extensive security work within the oil and gas industry and with law enforcement agencies, Shell has built a global network that allows us to leverage our relationships with governments and law enforcement agencies around the world to protect Shell employees and assets. We exchange information, forge partnerships, design systems and implement procedures in partnership with governments and companies in other countries just as we do here. Because a threat to our U.S. infrastructure is as likely to come from outside the United States, as it is to come from the inside, Shell's network helps us protect our U.S. infrastructure.

Finally, Shell's security measures in the United States are strengthened by the challenges we encounter around in the world. Shell's experience in keeping our people and our assets secure in politically unstable region, geologically-challenging areas and difficult climates sharpens our expertise in keeping our people and infrastructure safe here in the United States. What we learn

around the world we apply here, just as what we learn here we apply around the world. I believe Shell's global presence strengthens the security of our U.S. assets.

Shell is committed to providing a reliable supply of fuels and products to keep the economy growing. We are proud of the reliability of our oil and gas infrastructure and remain committed to its security. Thank you.